

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Review
Policies Concerning Intrastate Carrier Access
Charges.

Rulemaking 03-08-018
(Filed August 21, 2003)

**ASSIGNED COMMISSIONER'S RULING
AND SCOPING MEMO FOR PHASE II ISSUES**

This ruling memorializes a prehearing conference held in this proceeding on January 10, 2005. It schedules dates for serving testimony and conducting hearings, if required, on Phase II issues.

Scope of Issues

The Commission issued Decision (D.) 04-12-022 on December 2, 2004, which found, among other things, that Pacific Bell Telephone Company, dba SBC California (SBC) and Verizon California Inc. (Verizon) would be authorized to recover any revenues lost in the event the Commission were to eliminate or reduce the network interconnection charge (NIC) or transport interconnection charge (TIC) portions of access charges. The decision stated the Commission's intent to conduct a second phase of this proceeding, as anticipated by Rulemaking (R.) 03-08-018. Phase II will resolve the following issues, which are described in R.03-08-018:

- Whether to reduce or eliminate the NIC and TIC portions of SBC and Verizon's access charges;

- If the NIC and TIC portions of access charges are reduced or eliminated, how the revenues of SBC and Verizon would be affected;
- The appropriate ratemaking for SBC and Verizon's recovery of relevant revenues;
- Whether the Commission should take steps to ensure long distance customers receive the benefits of lower access charges.

The scope of this phase of this proceeding does not include an examination of costs associated with access charges. Indeed, there will not be hearings on the issue of costs nor is there expected to be hearings on any other issue. However, a final determination on the need for hearings will be made after the receipt of testimony.

At the prehearing conference, the parties discussed whether Phase II issues would need to be the subject of hearings or could be addressed in comments only. In order to ensure the expeditious management of the proceeding, parties should submit their positions in documents that could be presented as testimony. Because there will be no separately filed comments, testimony should address factual disputes as well as relevant policy issues. The Commission intends to conduct hearings in this proceeding if any portions of the testimony raise factual issues that are the subject of a material dispute. Whether there are material disputes that require hearings will be addressed at a subsequent prehearing conference. If the Commission determines that it does not require hearings, the testimony may be entered into the record of the proceeding and the parties would have a subsequent opportunity to brief the issues.

D.04-12-022 stated the Commission's intent to conduct a third phase of this proceeding to address the access charges of small local exchange companies and

competitive local exchange companies. The Commission will address how it will resolve related issues in a subsequent ruling.

Schedule

Phase II of this proceeding is scheduled as follows:

Testimony served	February 14, 2005
Reply testimony served	March 7, 2005
Prehearing Conference	March 14, 2005
Rebuttal testimony served	March 21, 2005
Hearings, if needed	March 28-30, 2005

The Assigned Administrative Law Judge (ALJ) may modify this schedule as necessary for the efficient and effective management of this proceeding.

Customer Notice

At the prehearing conference, SBC and Verizon stated their intent to provide customer notice of rate increases possible as a result of this docket. The notice should provide an estimate of how customer bills may be affected if the Commission reduces or eliminates the TIC and NIC portions of access charges. Each utility agreed to work with the Commission's Public Advisor's office to ensure the customer notices are accurate, timely, and understandable to members of the general public.

Other Procedural Matters

Consistent with Section 1701.5(b), this scoping memo extends the date for resolving issues in this proceeding. The Commission bifurcated this proceeding in order to promote efficient and effective management of the issues, as described in R.03-08-018 and in D.04-12-022. This bifurcation of the proceeding into three phases has extended the time required for resolving related issues.

The parties should refer to R.03-08-018 and the first scoping memo in this proceeding for guidance on other procedural matters, including requirements for service of documents, appearances and assignments.

IT IS RULED that:

1. The scope of Phase II in this proceeding is as set forth herein.
2. The schedule for Phase II in this proceeding is as set forth herein.
3. The Commission will conduct a prehearing conference in this proceeding at 11:00 a.m. on March 14, 2005 in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California.
4. SBC and Verizon shall notify their customers of how rates may increase if the Commission were to reduce or eliminate the network interconnection charge and transport interconnection charge portions of access charges. Each utility shall work with the Commission's Public Advisor's Office to assure customer notices are accurate and understandable by members of the general public.

Dated January 25, 2005, at San Francisco, California.

/s/ MICHAEL R. PEEVEY

Michael R. Peevey
Assigned Commissioner

CERTIFICATE OF SERVICE

I certify that I have by mail, and by electronic mail to the parties who have provided an electronic mail address, this day served a true copy of the original attached Assigned Commissioner's Ruling and Scoping Memo for Phase II Issues on all parties of record in this proceeding or their attorneys of record.

Dated January 25, 2005, at San Francisco, California.

/s/ ELIZABETH LEWIS

Elizabeth Lewis

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

The Commission's policy is to schedule hearings (meetings, workshops, etc.) in locations that are accessible to people with disabilities. To verify that a particular location is accessible, call: Calendar Clerk (415) 703-1203.

If specialized accommodations for the disabled are needed, e.g., sign language interpreters, those making the arrangements must call the Public Advisor at (415) 703-2074, TTY 1-866-836-7825 or (415) 703-5282 at least three working days in advance of the event.